
Document Details:

Filename:	PAR005-Parish Council - Internal Audit Letter-MARK-20200513-075712-519[584859].PDF
Client of:	Mulberry & Co

Signature Details

Name:	Victoria Spiers
Email:	clerk@parhamparishcouncil.org
Date & Time:	18/05/2020 14:13:43 (BST)
IP Address:	188.220.155.64
Signing Statement:	Parham Parish Council agrees and approves the contents of this document.

Digital Certificate

The approved PDF file has been digitally certified. Please check the Digital Certificate information in your PDF viewer to verify the Digital Certificate authenticity and the PDF has not been tampered with.

On behalf of:	Mulberry & Co
PDF digital certificate:	IRIS Software Group Limited
Digital certificate issued by:	GlobalSign

Please keep a copy of this document for your records.



MULBERRY & CO

Chartered Certified Accountants
Registered Auditors
& Chartered Tax Advisors

9 Pound Lane
Godalming
Surrey, GU7 1BX

t + 44(0)1483 423054
e office@mulberryandco.co.uk
w www.mulberryandco.co.uk

Our Ref: MARK/PAR005

Mrs V Spiers
Parham Parish Council
20 Pines Avenue
Worthing
West Sussex
BN14 9JQ

12th May 2020

Dear Vicky

Re: Parham Parish Council
Internal Audit Year Ended 31st March 2020

Following completion of our internal audit on the 12th May 2020 we enclose our report for your kind attention and presentation to the council. The audit was conducted in accordance with current practices and guidelines and testing was risk based. Whilst we have not tested all transactions, our samples have where appropriate covered the entire year to date. **Where appropriate recommendations for future action are shown in bold text.**

Due to the COVID-19 restrictions in place at the time of the final audit, this was carried out remotely, and I would like to thank Vicky for ensuring all of the requested information was sent through in a timely fashion to allow this process to be completed. The audit was carried out using this information and reviewing the council's website where appropriate.

The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts. The internal audit reports should therefore be made available to all members to support and inform them when they considering the authority's approval of the annual governance statement.

Audit – Summary Findings

At the visit we reviewed and performed tests on the following areas:

- Review of the Financial Regulations and Standing Orders
- Review of the risk assessments
- Review of the budgeting process
- Proper bookkeeping – review of the use of the accounts package.
- Review of annual accounts and AGAR
- Review of bank reconciliation
- Review of income
- Review of salaries
- Review of fixed assets and investments register

It is our opinion that the systems and internal procedures at Parham Parish Council are very well established, regulated and followed. The Clerk is very experienced and ensures the council follows best practice regulations and has over time adapted and changed the internal procedures as regulations and technologies have changed to maintain compliance.

It is clear the council takes policies and procedures very seriously and I am pleased to report that overall, the systems and procedures you have in place are entirely fit for purpose.

I am of the opinion that the AGAR is a true and fair reflection of the financial transactions of the council for the year ended 31st March 2019. Accordingly, I have signed off the internal audit report.

A. BOOKS OF ACCOUNT

The council continues to use Excel for recording the day to day transactions of that of the council, which is suitable for the minimal number of transactions. Regular reports are provided to council, including bank reconciliations and performance against budget.

There have been no reported issues in the past and for recording receipts and payments this is entirely fit for purpose and I see no reason to make any recommendation to change.

I am of the opinion that the control assertion of "Appropriate accounting records have been properly kept throughout the financial year" has been met.

B. FINANCIAL REGULATIONS AND PAYMENTS

Confirm that the council has adopted and recently reviewed Financial Regulations

The council has adopted the NALC model Financial Regulations, which were last reviewed and adopted in September 2019.

Check that the council's Financial Regulations are being routinely followed by tracking some sample payments

Due to the remote nature of the audit, detailed tracking of payments was not checking of internal procedures was not possible. Previous audit reports identify that the Clerk and council were routinely following the Financial Regulations, and I am in no doubt that they continue to do so.

A review of the council's website shows the council routinely receives financial statements and payments for authorisation.

The financial statements are published to the council website in accordance with the Local Government Transparency Code requirements and ensures all payments are made available to the wider public.

Confirm that checks of the accounts are made by a councillor

The clerk prepares a financial statement for each council meeting, and this was verified against the council minutes on the website. Due to the remote nature of the audit, more detailed testing was not possible, but based on previous audit reports and there being no previously identified issues, these measures are adequate for a council of this size.

Confirm that the council's Standing Orders have been reviewed within the last 12 months

The council has reviewed and adopted NALC model Standing Orders.

Check the draft minutes of the last meeting(s) are on the council's website

The council routinely posts up its minutes to its web site within 30 days of the meeting, should changes be required as notified at later meetings the minutes are updated.

Check that agendas for meetings are published giving 3 clear days' notice

From review of the website, the agendas include the date of posting to confirm the three clear days' notice is provided.

Confirm that the council is compliant with the Data Protection Act 1998 and that plans are being put in place to comply with GDPR 2018

The council is aware of the change in regulations and has undergone training. Councillors have common email addresses, which is recommended because it gives a natural segregation between personal and councillor business, so it is clear beyond doubt in what capacity a councillor is acting, gives control to the council, adds a degree of professionalism and in the event of a FOI request limits access to personal computers.

The council website has a Privacy Policy accessible from the home page.

Confirm that the council is compliant with the relevant transparency code.

I note that the council is required by law to follow the 2015 Smaller Authorities Transparency Code. A review of the website has shown that the council is following the code by publishing payments lists and the asset register, together with the other required information.

Check the publication of councillor's contact details etc.

The website has councillor contact details and Registers of Members' Interests forms uploaded to it. Evidence was also provided of the councillors completing Acceptance of Office forms.

I am of the opinion that the control assertion "This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for" has been met.

C. RISK MANAGEMENT AND INSURANCE

The council has a risk assessment document which is updated annually. The document is a simple list and covers financial and management risks. This document is entirely fit for purpose and I make no recommendation to change.

I have confirmed that the council has a valid insurance certificate. The council reviews its insurance requirements as part of the renewal process. Cover includes £10million or Employers Liability, £10million for Public Liability and £150,000 Fidelity Guarantee (Employee Dishonesty). These levels are suitable for a council of this size.

I am of the opinion that the control objective of "This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.", has been met

D. BUDGET, PRECEPT AND RESERVES

The council approved the budget and precept for 2020/21 at its meeting held in January 2020.

The council holds only a general reserve. General guidance would indicate that a general reserve of circa 50% of the precept as adjusted for local conditions would be appropriate.

I am of the opinion that the control objective of "The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.", has been met.

E. INCOME

The precept income was verified to the bank statement and was properly received and banked. The only other income received during the year related to a VAT refund.

I am of the opinion that the control objective of “Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for” has been met.

F. PETTY CASH

The council has no petty cash.

G. PAYROLL

The council has one employee. Payroll is calculated in house using the HMRC on-line system, with net wages and PAYE being approved by council in the normal method. Salary payments are made every two months.

A review of the accounting records confirms salary and associated costs are correctly recorded and entered into box 4 on the AGAR.

I am of the opinion that salaries are correctly stated on the AGAR and that the control object of “Salaries to employees and allowances to members were paid in accordance with this authority’s approvals, and PAYE and NI requirements were properly applied” has been met.

H. ASSETS AND INVESTMENTS

The council maintains a simple asset register, which correctly states asset values at cost/proxy cost. There have been no additions or removals during the year. The asset register total was confirmed to the amount entered onto the AGAR.

I am of the opinion that the control objective of “Asset and investments registers were complete and accurate and properly maintained” has been met.

I. BANK RECONCILIATIONS

At the year-end date, the council had a reconciled bank position with no outstanding payments. The balance was verified to the year-end bank statement.

I am of the opinion that bank and cash balances are properly shown on the AGAR and that the control objective of “Periodic and year-end bank account reconciliations were properly carried out” has been met.

J. YEAR END ACCOUNTS

The year-end accounts have been correctly prepared on the receipts and payments basis, with no requirement of a box 7 & 8 reconciliation.

The AGAR correctly casts and cross casts and the comparatives have been correctly copied over from the 2018/19 AGAR. The council will submit the certificate of exemption as neither its income nor expenditure exceeded £25,000 for the year. The submission figures of gross income of £4,918 and gross expenditure of £5,166 are supported by the accounting records.

The explanation of variances has been completed with sufficient detail and explanations provided for variances in excess of 15% for boxes and 4. At the time of the year-end audit, the AGAR figures presented for checking were as below:

AGAR Box Number		2018/19	2019/20	Auditor Notes
1	Balances brought forward	5,008	3,322	Correctly carried over from box 7 2018/19
2	Precept or rates and levies	3,860	4,842	Confirmed against precept amount received
3	Total other receipts	176	76	Confirmed against accounting records
4	Staff costs	3,800	3,226	Confirmed against accounting records
5	Loan interest/capital repayments	0	0	Council has no borrowing
6	All other payments	1,922	1,940	Confirmed against accounting records
7	Balances carried forward	3,322	3,074	Total correctly equals (1+2+3) – (4+5+6)
8	Total value of cash and short-term investments	3,322	3,074	No difference as accounts prepared on receipts and payments basis
9	Total fixed assets plus long term investments and assets	9,722	9,722	Total matches asset register
10	Total borrowings	0	0	Council has no borrowing

I am of the opinion the AGAR will be ready for submission to the external auditor within statutory time scales and that the control objective of "Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.", has been met.

K. TRUSTESHIP

The council has no trusts.

L: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS

Due to the Covid 19 outbreak, the statutory deadlines have been changed as follows:

The publication date for final, audited, accounts will move from the 30 September to 30 November 2020 for all local authority bodies. To give local authorities more flexibility, the requirement for the public inspection period to include the first 10 working days of July has been removed. Instead, local authorities must commence the public inspection period on or before the first working day of September 2020.

This means that draft accounts must be approved by 31 August 2020 at the latest. However, they may be approved earlier, and we would encourage councils to do so wherever possible, to help manage overall pressure on audit firms towards the end of the year.

Authorities must publish the dates of their public inspection period, and given the removal of the common inspection period and extension of the overall deadlines for this year, it is recommended that all authorities provide public notice on their websites when the public inspection period would usually commence, explaining why they are departing from normal practice for 2019/20 accounts.

The regulations implementing these measures were laid on 7 April and came into force on 30 April 2020.

The relevant dates as set by Parham Parish Council are set out in the table below.

Inspection - Key date	2018/19 Actual	2019-20 Proposed
Accounts approved at full council		
Date Inspection Notice Issued	30 May 2019	17 July 2020
Inspection period begins	3 June 2019	20 July 2020
Inspection period ends	12 July 2019	28 August 2020
Correct length	Yes	Yes
Common period included?	Yes	Yes
Summary of rights document on website?	Yes	Yes

I am satisfied the requirements of this control objective were met for 2018-19, and assertion 4 on the annual governance statement can therefore be signed off by the council.

Should you have any queries please do not hesitate to contact me, finally I enclose a fee note for your kind attention.

Kind regards

Yours sincerely

A Beams

Andy Beams